

Internal Revenue Service
District Director

Department of the Treasury
P.O. Box 2508
Cincinnati, OH 45201

Person to Contact:

Telephone Number

Refer Reply to:

EF/EO

Employer Identification Number:

Date: APR 20 1995

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code of 1986 and its applicable Income Tax Regulations. Based on the available information, we have determined that you do not qualify for the reasons set forth on Enclosure I.

Consideration was given to whether you qualify for exemption under other subsections of section 501(c) of the Code and we have concluded that you do not.

As your organization has not established exemption from Federal income tax, it will be necessary for you to file an annual income tax return on Form 1120. Contributions to you are not deductible under section 170 of the Code.

If you are in agreement with our proposed denial, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action.

You have the right to protest this proposed determination if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law and other information to support your position as explained in the enclosed Publication 892, "Exempt Organizations Appeal Procedures for Unagreed Issues". The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the Office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If you are to be represented by someone who is not one of your principal officers, he or she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.302 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

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-2-

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b) (2) of the Internal Revenue code provides in part that:

A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within the time specified, this will become our final determination. In that event, appropriate State officials will be notified of this action in accordance with the provisions of section 6104(c) of the Code.

District Director

Enclosures: 3

Information submitted establishes that you were incorporated on [REDACTED], under the laws of the State of [REDACTED].

The Articles of Incorporation state your purposes are, in part:

- (a) To form a coon hunters club.

The By-Laws state your purposes are, in part:

- (a) To encourage and promote quality in the breeding of purebred coon hounds and to do all possible to bring their natural qualities to perfection.
- (b) To do all in its power to protect and advance the interests of the breed by encouraging sportsmanlike competition at dog shows and field trials night hunts and bench shows.

The By-Laws state that there shall be two (2) classes of membership in the Corporation and that all members in good standing whose dues are paid for the current year shall be entitled to one vote on all matters. The By-Laws define members as all persons eighteen years of age and older, and juniors who are in good standing with the [REDACTED] and who subscribe to the purposes of the club.

The application discloses that your activities include promoting the training and improving the coon dog breed, developing young coon dog owners, encouraging sportsmanship and fair play, promoting good fellowship among its members and to respect and improve private and public property.

Subsequent correspondence submitted indicates that you are operating licensed hunts under the sponsorship of the [REDACTED], the [REDACTED] and [REDACTED] conducted in and around [REDACTED] on public or private property. The correspondence also indicates that the hunts are open to any purebred coon dog owners nationally. The correspondence further state that, members and youth are trained in dog care and handling skills, and environmental awareness and protection. Individuals are trained how to hunt with dogs and how to compete in organized hunts. Youth are trained in the skills of handling dogs in the field.

Financial data submitted for [REDACTED], through [REDACTED] indicates that your organization will receive its support from assessment of membership dues, interest, admissions and sales. It also indicates that all expenses will be from related activities. Financial data submitted for [REDACTED], [REDACTED], and [REDACTED], indicated support and expenses of the same nature.

Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax:

Organizations organized and operated exclusively for charitable, religious or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the Regulations states:

In order to qualify under section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more exempt purposes. If an organization fails to meet either the organizational or operational test, it is not exempt.

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations states:

An organization is not operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. It must not be operated for the benefit of designated individuals or the persons who created it.

Section 1.501(c)(3)-1(d)(3) of the Regulation states:

The term "educational" as in relation to (a) the instruction or training of the individual for the purpose of improving or training of the individual for the purpose of improving or developing his capabilities, or (b) the instruction of the public on subjects useful to the individual and beneficial to the community.

Ann Arbor Dog Training Club, Inc. v. Commissioner, 74 T.C. 207, held, if an organization has failed to prove that it operates primarily for the education of individuals, and that the training of dogs is an incidental purpose of its activities, it does not qualify for exemption from Federal taxation under section 501(a) and 501(c)(3) of the Internal Revenue Code.

Revenue Ruling 71-421, 1971-2 C.B. 229, provides that an organization which was formed to promote the ownership and training of purebred dogs, and conducting obedience training classes, it further states, "that the dog is also the primary object of the training in sports and show events." It is licensed by a national kennel club, and is limited to members of the national club. Membership is limited to owners of purebred dogs registered with that club. Therefore, may not be reclassified as an educational organization exempt under section 501(c)(3) of the Code.

You have not established that your activities are for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals. Accordingly, we conclude that you do not qualify for recognition of exemption under section 501(c)(3) of the Code.